

Monash University Procedure

Procedure Title	<u>Goods and Services Tax – Appropriations (Australia) Procedures</u>
Parent Policy	Goods and Services Tax (Australia) Policy
Date Effective	10-July-2015
Review Date	17-September-2011
Procedure Owner	Divisional Director, Corporate Finance
Category	Operational Procedures
Version Number	1.1
Content Enquiries	finance-gsthelp-l@monash.edu
Scope	All Australian campuses All Australian staff members
Purpose	To ensure the University complies with Australian GST legislation and rulings
PROCEDURE STATEMENT	

Appropriation: as defined by Section 9-17 (3) of the GST Act (A New Tax System (Goods and Services Tax) Act 1999):

- a) The payment is made by a government related entity to another government related entity for making a supply; and
- b) The payment is:
 - Covered by an appropriation under an Australian law; or
 - Made under the National Health Reform Agreement agreed to by the Council of Australian Governments on 2 August 2011, as amended from time to time; or
 - Made under another agreement entered into to implement the National Health Reform Agreement; and
- c) the payment is calculated on the basis that the sum of:
 - the payment (including the amounts of any other such payments) relating to the supply; and
 - anything (including any payment for any act or forbearance) that the other government related entity receives from another entity in connection with, or in response to, or for the inducement of, the supply, or for any other related supply;
 - does not exceed the supplier's anticipated or actual costs of making those supplies.

GST does not apply to appropriations

Appropriations

- a) Where a granting body asks that an invoice be prepared with no GST because the payment is considered to be an appropriation, a copy of the relevant appropriation documentation (including the

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statute or delegated legislation that authorises the expenditure of money) must be obtained from the granting body and filed with the copy of the invoice.

Note: The details of an appropriation, such as particular information about its purpose, may not always be specified by the Appropriation Act. In many cases, the purpose will be documented in very general terms in the Appropriation Act, but explained further in relevant supporting documents.

Examples of supporting documentation that can be filed with an invoice that show the appropriation is covered by an appropriation include:

- Documents that are linked to the Appropriation Act by a provision in the Appropriation Act
 - Documents that were considered by Parliament together with the Appropriation Bill
 - Budget papers that specify the purpose and amount of the payment
 - Portfolio budget statements
 - Agency budget statements
 - Ministerial Statements or Speeches related to the Budget, or Appropriation Act or policy to which the Appropriation Act relates
 - Government released Budget overview documents
 - Ministerial media releases related to the Budget and/or policy to which the Appropriation Act relates
 - Budget documentation (background documents prepared at an agency level in the process of seeking funds to be included in that budget) related to the Appropriation Act
 - Written agreements such as Funding Deeds, Service Level Agreements, Deeds of Agreement or Memoranda of Understanding between government related entities;
- b) Where it is determined that the income is an appropriation, it should be coded to S8 in SAP. Copies of supporting documentation should be attached in SAP to the invoice.
- c) Forward a copy of the invoice and the supporting documentation to Corporate Finance Taxation Team.

Responsibility

Research and Revenue Accounting Services
University Solicitors Office

- d) Review appropriation documentation to ensure it is sufficient to support recording the transaction as an appropriation.

Note: The appropriation funds are outside the scope of the GST when they initially come into the University. When the funds are spent for taxable supplies, the normal rules of GST apply.

Responsibility

Corporate Finance Taxation Team

Responsibility for implementation	Vice-President (Finance) Divisional Director, Corporate Finance
Status	Revised

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Approval Body	<p>Name: Vice-President (Finance)</p> <p>Date: 10-July-2015</p> <p>Author: Taxation Manager Corporate Finance Division</p>
Definitions	<p>Appropriation Act: An Act of Parliament to appropriate money out of the Consolidated Revenue Fund for the ordinary annual services of the Australian Government, and for related purposes.</p> <p>ATO: Australian Taxation Office</p> <p>GST: Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999</p> <p>SAP: The University's Finance System</p>
Legislation Mandating Compliance	<p>A New Tax System (Goods and Services Tax) Act 1999</p>
Related Policies	<p>Global Taxation Policy</p>
Related Documents	